

1/7 Copy to:  
KAM'S  
DM'S  
AM'S

January 6, 1997

TO:

Mr. D. L. Wilmesher  
Mr. J. W. Best  
Mr. R. M. Sanders  
Mr. P. J. Cundari

Mr. R. F. Kane #1100  
Mr. M. A. Young #1200  
Mr. J. R. Loftin, Jr. #1300  
Mr. W. J. Roth #1600  
Mr. P. E. Schmidt #1700  
Mr. L. T. Poole #1800

Ms. B. J. Simkins #5100  
Mr. R. C. Farmer #5400  
Mr. E. R. Haisch, Jr. #5600  
Mr. R. P. Dotson #5800

Mr. J. M. Piscitelli  
Mr. D. L. Gesmundo  
Mr. R. N. Young  
Mr. D. E. Owens  
Mr. R. L. Fiori  
Mr. J. A. Geeting  
Mr. D. F. Knoll

Mr. W. F. Tucker #2100  
Mr. R. L. Rissler #2200  
Mr. D. C. Turner #2300  
Mr. S. B. Driskell #2600  
Mr. G. A. Young #2900

Mr. S. R. Karambelas #6200  
Mr. T. M. Renehan #6300  
Mr. R. D. Garrison #6600  
Mr. D. B. Riser #6700  
Ms. C. A. Van-Horn Dern #6900

FROM:

E. M. McAtee

SUBJECT:

SAVINGS BRANDS COMPETITIVE PRICING

Attached is our most current information on competitive pricing. Changes in several companies price calculations have resulted in this bulletin.

- RJR P/L and Forsyth - Revised Direct Account Program from 21¢ to 16¢. Potential net increased from \$5.80 to \$5.85.
- Prime/Private Stock/Summit - 68¢ quarterly rebate/accrual moved to monthly rebate. No change in potential net.
- PM/PL - Monthly rebate reduced from \$1.30 to 18¢. Quarterly rebate/accrual added 5¢. Annual volume incentive 31¢ added. Potential net increased from \$5.98 to \$6.74.
- Star Tobacco - Terms reduced from 39¢ to 38¢. Off invoice/monthly rebate reduced from \$6 to \$5.97. EFT reduced from 6¢ to 5¢. Direct Account Program added 22¢. Potential net decreased from \$5.14 to \$4.97.
- Commonwealth Brands - List reduced from \$9.19 to \$6.19. Terms reduced from 35¢ to 20¢. Off invoice/monthly rebate \$3.20 eliminated. EFT reduced from 5¢ to 3¢. Potential net increased from \$5.19 to \$5.56.

*We recommend this information be used in the strictest confidence. Additionally, we recommend copies not be randomly made and disseminated throughout the organization.*

Ed

E. M. McAtee

EMM:tig

Attachment

cc:

Ms. C. A. Coyle  
Mr. C. M. Davis  
Mr. J. S. Farmer  
Mr. R. C. Gaillard

Mr. C. R. Hill  
Mr. M. O. Johnson  
Mr. R. S. Keith  
Mr. J. V. Maguire

Ms. B. H. Redd  
Ms. G. J. Scott  
Mr. O. Sorensen  
Mr. B. K. Stockdale

51847 6578

**SAVINGS BRANDS COMPETITIVE PRICING**

*Revised 1/6/97*

	RJR P/L <i>Forsyth</i>	Prime Private Stock <i>Summit</i>	PM/PL	Liggett PL	Liggett Eagle Epic	Star Tobacco (Gunsmoke) (Sport) (Main Street) (Vegas)	Premier Marketing (1st Class) (Ultra Buy)	Darcon Int'l (Reno)	Common- wealth (USA Gold) (Common- wealth) (Country Value) (Sonoma)	USA Tobacco (USA)	Direct Marketing Services (US1)	Lignum-2 (Rave)	Fortune Tobacco Company (Checkers)
List	9.19	8.84	9.19	9.19	9.19	11.89	11.49	7.02	6.19	5.20	4.86 <sup>(7)</sup>	4.85 <sup>(8)</sup>	6.49
Terms	.30	.29	.30	.30	.30	.38	.48		.20	.19			.26
Off-Invoice/Monthly Rebate	2.30	1.00	1.17	3.42 <sup>(3)</sup>	3.02	5.97	5.85						.50
Net Invoice	6.59	7.55	7.72	5.47	5.87	5.54	5.16	7.02	5.99	5.01	4.86	4.85	5.73
Monthly Rebate		.68	.18				.18						.50
Quarterly Rebate/Accrual			.05					.25					
Semi-Annual Rebate			.25										
Marketing Accrual	.30	.40				.30							.30
Net Price	6.29	6.47	7.24	5.47	5.87	5.24	4.98	6.77	5.99	5.01	4.86	4.85	4.93
Optional:													
E.F.T.	.03	.04	.04	.04	.04	.05		.10	.03				
Direct Account Programs							.47		.40 <sup>(6)</sup>				
Quarterly Volume Incentive				.30	.30								
Bus. Devel./Display Accrual		.30											
Annual Volume Incentive			.31 <sup>(2)</sup>										.08
Share of Category Incentive	.25												
Direct Account Program	.16	.12	.15			.22 <sup>(5)</sup>							
Potential Net	5.85	6.01 <sup>(1)</sup>	6.74	5.13 <sup>(4)</sup>	5.53	4.97	4.51	6.67	5.56	5.01	4.86	4.85	4.85

- (1) Prime, Private Stock, Summit periodic incremental couponing \$1 to \$1.50 or in selected regions run an additional \$.40 - \$1.30 off.
- (2) 28¢ volume incentive. 3¢ royalty if applicable.
- (3) At wholesalers discretion this amount can be split between off-invoice allowances and monthly rebates.
- (4) On certain Private Label brands, Liggett previously quoted from \$4.79 to \$4.44. However, this was prior to 4/11/96 price increase.
- (5) Price based on 25 cases or more. Lower quantities \$5.19 per carton.
- (6) Bonus rates vary based on achievement (10¢, 20¢, 30¢ and 40¢ per carton).
- (7) Purchase requirement is 48,000 cartons - higher prices apply for smaller purchases.
- (8) Price per carton (50 or more cartons) \$4.95 (10 - 49 cartons).

\*Note: Other minor brands in the marketplace net price range \$4.50 to \$5.50. Volume negligible at this time.

51847 6579